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September 4, 2001

APPLICATION

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Honorable Philip N. Asprodites
Commissioner of Conservation
P.O., Box 94275
Baton Rouge, LA 70804-9275

RE: Marg Howei Sand, Reservoir B
Upper Bathysiphon Sand, Reservoir B
2nd Bathysiphon Sand, Reservoir C
North Chalkley Field
Calcasieu Parish, Louisiana

Dear Commissioner Asprodites:

Application is hereby made on behalf of **BALLARD EXPLORATION COMPANY, INC.** for the calling of a public hearing, after legal notice, to consider evidence relative to the issuance of Orders pertaining to the following matters in the **Marg Howei Sand, Reservoir B**, the **Upper Bathysiphon Sand, Reservoir B**, and the **2nd Bathysiphon Sand, Reservoir C**, all in the North Chalkley Field, Calcasieu Parish, Louisiana, to-wit:

1. For each of the above-referenced reservoirs, to establish rules and regulations and create a single drilling and production unit for the exploration for and production of gas and condensate, such units to be designated respectively the MH RB SUA, the U BATH RB SUA and the 2 BATH RC SUA;
2. To force pool and integrate all separately owned tracts, mineral leases and other property interests within the proposed units, with each tract sharing in unit production on a surface acreage basis of participation;
3. To designate the Ballard Exploration - Holland #1 as the unit well for the proposed units;

4. To designate Ballard Exploration Company, Inc. as the unit operator for the proposed units;
5. To provide that the Commissioner of Conservation should be authorized to reclassify these reservoirs by supplemental order without the necessity of a public hearing if the producing characteristics of the reservoir change and evidence to justify such reclassification is submitted to and accepted by the Commissioner of Conservation; and
6. To consider such other matters as may be appropriate and justified by the evidence presented at the hearing.

The Marg Howei Sand, Reservoir B, in the North Chalkley Field, is hereby defined as that certain gas and condensate bearing sand encountered between the depths of 10,302 feet and 10,338 feet, electric log measurements (10,263' and 10,296' TVD), in the Ballard Exploration - Holland #1 Well, located in Section 30, Township 11 South, Range 6 West, Calcasieu Parish, Louisiana.

The Upper Bathysiphon Sand, Reservoir B, in the North Chalkley Field, is hereby defined as that certain gas and condensate bearing sand encountered between the depths of 11,326 feet and 11,392 feet, electric log measurements (11,045' and 11,087' TVD), in the Ballard Exploration - Holland #1 Well, located in Section 30, Township 11 South, Range 6 West, Calcasieu Parish, Louisiana.

The 2nd Bathysiphon Sand, Reservoir C, in the North Chalkley Field, is hereby defined as that certain gas and condensate bearing sand encountered between the depths of 11,470 feet and 11,520 feet, electric log measurements (11,137' and 11,169' TVD), in the Ballard Exploration - Holland #1 Well, located in Section 30, Township 11 South, Range 6 West, Calcasieu Parish, Louisiana.

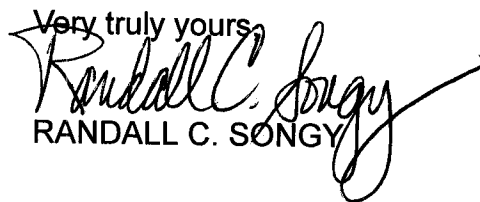
A conference to discuss the proposed application and any opposition thereto was held at 10:30 a.m., on Monday, July 16, 2001, at The Onebane Firm, 102 Versailles Blvd., Suite 600, Lafayette, Louisiana 70502, (318) 237-2660. A list of the parties who attended the pre-application conference is attached. Randall C. Songy, attorney for the applicant, opened the conference with a brief discussion of the Rules of Procedures. David Sturlese, geological consultant for the applicant, explained the applicant's proposal and the geological, engineering and other bases therefor, and answered questions. Damon Cormier, representing the owners of the Gragg tract, expressed an objection to the location of the western boundary of the proposed U BATH RB SUA, but did not present a specific counterplan. Leon Comeaux, representing the Stanton family, presented a counterplan for each of the proposed units. There was some discussion regarding resolution of differences, but no agreement was reached at the conference. The conference was then adjourned. Further discussions after the conference were unsuccessful.

Please note that we have revised the proposed unit for the Marg Howe Sand from that which was discussed at the conference. The impetus for this revision was water production from the completion of the Holland No. 1 Well in this sand. The applicant will schedule a conference to discuss that revision, but only if requested by an interested owner, represented party or interested party within ten (10) days from the date of this Application.

Pertinent data relating to the proposed application can be obtained, AT THE COST OF THE REQUESTING PARTY, by contacting David Sturlese, 124 Heyman Blvd., Lafayette, LA 70503, (337)232-1700.

There is attached hereto and made a part hereof plats outlining the proposed units and a list of the names and addresses of the interested parties to whom this unitization proposal is being sent. Pursuant to the Revised Rules of Procedure, such list of parties is being furnished ONLY to the Commissioner of Conservation and to the District manager of the Lafayette District of the Office of Conservation. However, the list of parties will be provided to any party requesting a copy of it. A reasonable effort was made to ascertain the names and addresses of all Interested Owners, Represented Parties and Interested Parties.

Finally, enclosed herein is our check in the amount of \$2100.00 made payable to the Office of Conservation in payment of the required hearing application fee.

Very truly yours,

RANDALL C. SONGY

RCS/dde/bad
Enclosures

cc: Mr. Richard Hudson, District Manager
Office of Conservation

All Interested Owners, Interested Parties
and Represented Parties

P.S. To all Interested Owners, Represented Parties and Interested Parties:

You may have received this Application even though your property is not included in the proposed unit, because the Revised Rules of Procedure require us to attempt to also notify everyone owning an interest in the area "proximate to" the proposed units. In some cases, the area proximate to proposed units can extend as far as one-half mile outside the unit boundary.

R 6 W

Ronald Gragg,
et al

Wynn G. Stanton, et al

Wynn G. Stanton, et al

Wynn G. Stanton, et al

Wynn G. Stanton, et al

Wynn G. Stanton, et al

Wynn G. Stanton, et al

Union O & G
Stanton

1
11933'

MARG H RB SUA
HOLLAND NO. 1
± 12 ACRES

Gordon
Pan Am

1
11700'

Wynn G. Stanton, et al

Ronald Gragg,
et al

Wynn G. Stanton, et al

30

Sun
Stanton 1A
12147'

29

T
11
S

Cockrell
Holland

1
11400'

Sun
Holland

1
11994'

Ballard
Holland

1
12310' MD
11684' VD

Imperial
Holland

1
11675'

William A. Gragg,
et al

Floyd R. Holland, et al

Floyd R. Holland, et al

Sun
Stanton 2A

1
11482'

Pan Am
Stanton

1
12280'

TXO
Stanton

1
12000'

Wynn G. Stanton, et al

Dezere Miller Richard, et al

Dezere M. Richard, et al
Floyd R. Holland, et al

Cox
Stanton

1
11800'

Dezere Miller Richard, et al

Dezere M. Richard, et al
Floyd R. Holland, et al

Lynal
Richard

2
8538'

Wynn G. Stanton, et al

Bintliff
Miller

1
10100'

31

Sun
Miller

3
10265'

Apache
Richard

1
11715'

Ballard
Richard

1
5516'

EXHIBIT NO.
DOCKET NO.

DATE:

BALLARD EXPLORATION
COMPANY, INC.

NORTH CHALKLEY FIELD
CALCASIEU PARISH, LOUISIANA

PROPOSED UNIT
MARG HOWEI SAND

0 1000' 2000'

GRAPHICS BY: GEOLAND GRAPHICS, LLC LAFAYETTE, LA (337) 233-1887

DAVID STURLESE
CONSULTING GEOLOGIST - LAFAYETTE, LOUISIANA

R 6 W

Ronald Gragg,
et al

Wynn G. Stanton, et al

Wynn G. Stanton, et al

Wynn G. Stanton, et al

Wynn G. Stanton, et al

Wynn G. Stanton, et al

Wynn G. Stanton, et al

Union O & G
Stanton

11933'

U BATH RB SUA
HOLLAND NO. 1
± 77 ACRES

Gordon
Pan Am

11700'

Wynn G. Stanton, et al

Ronald Gragg,
et al

Wynn G. Stanton, et al

30

Sun
Stanton 1A
12147'

29

T
11
S

Cockrell
Holland

11400'

Ballard
Holland

12310' MD
11684' VD

Imperial
Holland

11675'

San
Holland

11994'

Sun
Stanton 2A

11482'

Pan Am
Stanton

12280'

TXO
Stanton

12000'

William A. Gragg,
et al

Floyd R. Holland, et al

Floyd R. Holland, et al

Wynn G. Stanton, et al

Cox
Stanton

11800'

Dezere Miller Richard, et al

Dezere M. Richard, et al
Floyd R. Holland, et al

Dezere M. Richard, et al
Floyd R. Holland, et al

Lynal
Richard

8538'

Wynn G. Stanton, et al

EXHIBIT NO.
DOCKET NO.

DATE:

BALLARD EXPLORATION
COMPANY, INC.

NORTH CHALKLEY FIELD
CALCASIEU PARISH, LOUISIANA

PROPOSED UNIT
UPPER BATHYSIPHON SAND

0 1000' 2000'

GRAPHICS BY: GEOLAND GRAPHICS, LLC LAFAYETTE, LA (337) 233-1887

DAVID STURLESE
CONSULTING GEOLOGIST - LAFAYETTE, LOUISIANA

Bintliff
Miller

10100'

31

Sun
Miller

10265'

Apache
Richard

11715'

Ballard
Richard

5516'

R 6 W

Ronald Gragg,
et al

Wynn G. Stanton, et al

Wynn G. Stanton, et al

Wynn G. Stanton, et al

Wynn G. Stanton, et al

Wynn G. Stanton, et al

Union O & G
Stanton

11933'

**BATH 2 RC SUA
HOLLAND NO. 1
± 88 ACRES**

Gordon
Pan Am

11700'

Wynn G. Stanton, et al

Ronald Gragg,
et al

Wynn G. Stanton, et al

Sun
Stanton 1A
12147'

29

T
11
S

30

Lockrell
Holland
11400'

11

Sun
Holland
11994'

Sun
Stanton
2A
11482'

Ballard
Holland
12310' MS
11684' VD

Imperial
Holland
11675'

Pan Am
Stanton
1
12280'

TXO
Stanton
1
12000'

William A. Gragg,
et al

Floyd R. Holland, et al

Floyd R. Holland, et al

Wynn G. Stanton, et al

Cox
Stanton
1
11800'

Dezere Miller Richard, et al

Dezere M. Richard, et al
Floyd R. Holland, et al

Dezere Miller Richard, et al

Lynal
Richard
2
8538'

Wynn G. Stanton, et al

Bintliff
Miller
1
10100'

31

Sun
Miller
3
10265'

Apache
Richard
1
11715'

Ballard
Richard
1
5516'

EXHIBIT NO.
DOCKET NO.

DATE:

**BALLARD EXPLORATION
COMPANY, INC.**

**NORTH CHALKLEY FIELD
CALCASIEU PARISH, LOUISIANA**

**PROPOSED UNIT
2ND BATHYSIPHON SAND**

0 1000' 2000'
GRAPHICS BY: GEOLAND GRAPHICS, LLC LAFAYETTE, LA (337) 233-1887

**DAVID STURLESE
CONSULTING GEOLOGIST - LAFAYETTE, LOUISIANA**